



*United States Attorney  
Southern District of New York*

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**FORMER BREAN MURRAY INVESTMENT BANKER PLEADS GUILTY  
IN FEDERAL COURT TO STEALING ALMOST \$1 MILLION**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that LORNE CAPLAN, a former investment banker at Brean Murray & Co., a New York investment bank, pleaded guilty in Manhattan federal court late yesterday to charges that he stole approximately \$990,000 from clients of Brean Murray.

As explained in the Information to which he pleaded guilty, CAPLAN was an investment banker at Brean Murray and was responsible for acting as an intermediary between investors and companies issuing securities. From time to time, acting in his role as an investment banker, CAPLAN would contact clients and facilitate the purchase of securities and provide professional advice to those clients regarding investment opportunities.

Starting in June 2001, according to the charges, LORNE CAPLAN solicited two potential investors for an investment in Standard Mems, a company which, among other things, manufactures sensors for medical equipment. CAPLAN received a total of approximately \$600,000 from these two victims to be invested in Standard Mems. Contrary to his representations, CAPLAN then converted the funds to his personal use. Further, in June and July 2001, CAPLAN diverted for his personal use an additional amount of approximately \$290,000 that had been previously invested with Brean Murray & Co. by four other investors in connection with a bond issue for Standard Mems.

In order to execute the unauthorized wire transfers of funds from Brean Murray to the other accounts, CAPLAN provided

Brean Murray with three phony letters purportedly signed by the Chief Executive Officer ("CEO") of Standard Mems allegedly authorizing the transfers of the funds. The letters included wiring instructions for each transaction and were faxed to Brean Murray to effectuate the disbursement of the victims' funds from the escrow account. CAPLAN wired some of the funds to Natra-Bio, Inc., a shell company he owned.

Finally, according to the Information, on January 28, 2002, CAPLAN, in his capacity as an investment banker at Brean Murray, induced another victim to wire approximately \$100,000 to an account in New York, NY in the name of Natra-Bio, Inc., a shell company controlled by CAPLAN. CAPLAN falsely represented that these funds were for investment in a bio-technology stock fund. Instead, CAPLAN used the victim's funds for his own personal use.

As described in the criminal Complaint filed earlier in the case, bank records for Natra-Bio, Inc. showed that one day after a different victim wired approximately \$250,000 to this shell company, CAPLAN transferred approximately \$100,000 of these funds into his personal bank account, approximately \$50,000 into the account of his wife, and withdrew approximately \$59,800 in cash.

In entering his plea of guilty to the Information, CAPLAN admitted that he lied to his clients and, without their authorization, diverted their money for his personal use.

CAPLAN faces a maximum sentence of five years in prison and a maximum fine of either \$250,000 or twice the loss to victims or gain to the defendant from the crime, whichever is greater. Sentencing is scheduled for March 2, 2006 at 10:30 a.m. before Judge SHIRA A. SCHEINDLIN.

LORNE CAPLAN, 40, resides in Stamford, Connecticut.

Mr. GARCIA praised the efforts of the FBI in the investigation of this case.

Assistant United States Attorney BRET R. WILLIAMS is in charge of the prosecution.

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